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Letter dated 3 April 2001 from the Permanent Representative of Iraq to the United Nations addressed to the Secretary-General

On instructions from my Government, I have the honour to transmit to you herewith a letter dated 3 April 2001 from Mr. Mohammed Said Al-Sahaf, Minister for Foreign Affairs of the Republic of Iraq.

The Minister refers to the statements made in paragraph 161 of your report of 2 March 2001 pursuant to paragraph 5 of resolution 1330 (2000) (S/2001/186) on the question of entry visas for United Nations personnel. To establish the facts, he states that the Office of the Iraq Programme has abused its power to request entry visas, has caused a great waste of Iraqi funds and has ignored the provisions of the memorandum of understanding requiring consultation with the Iraqi side with respect to all operations of the Programme. He refers to Iraq's full cooperation with the United Nations Office of the Humanitarian Coordinator in granting entry visas to United Nations personnel, 991 such visas having been granted in the year 2000 despite a sense that visa requests were excessive, visas were being requested for carpenters and switchboard operators when it should have been possible to employ Iraqis with expertise in these fields and the recruitment of all these international personnel has had no positive impact on the performance of the Programme, especially in the electricity and mine-clearance sectors.

Although paragraph 33 of the memorandum of understanding requires that the United Nations Inter-Agency Humanitarian Programme should operate in the three northern governorates on behalf of the Government of Iraq, the Iraqi side has been left without access to information on the operation of the Programme, where excessive prices have been noted under certain contracts and, in particular, in the case of a contract for the supply of diesel generators by a Danish company.

The Minister therefore requests you to consider conducting a review of the circumstances in which the contract in question was signed, to instruct the Office of the Iraq Programme to provide the Iraqi Government with copies of all the contracts that have been signed for the implementation of the Programme in the northern governorates and to give instructions for the Board of Auditors to conduct a comprehensive review of expenditures from the 13 per cent and 2.2 per cent accounts.

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The Minister expresses the hope that he will receive from you a positive response.

I should be grateful if you would have the present letter and its annex circulated as a document of the Security Council.

(*Signed*) Mohammed A. **Al-Douri**
Ambassador
Permanent Representative

Annex to the letter dated 3 April 2001 from the Permanent Representative of Iraq to the United Nations addressed to the Secretary-General

I refer to paragraph 161 of your report of 2 March 2001 pursuant to paragraph 5 of resolution 1330 (2000) (S/2001/186), in which you say that you are "very much concerned that ... there have been inordinate delays in the issuance of visas to United Nations personnel". In order to establish the facts concerning this matter and concerning the practices of the Office of the Iraq Programme in general, I present to you herein some evidentiary considerations that demonstrate in an unequivocal manner that the United Nations Office of the Iraq Programme has greatly abused the exercise of its power to request entry visas, that it has caused a great waste of Iraqi funds allocated to meeting the urgent humanitarian needs of the people of Iraq and that it has failed to implement those provisions of the memorandum of understanding of 20 May 1996 (S/1996/356) that require consultation with the Iraqi side with respect to all operations of the Programme.

Since the memorandum of understanding and the oil-for-food programme first took effect at the end of 1996, Iraq has been cooperating fully with the United Nations Office of the Humanitarian Coordinator for Iraq in granting entry visas to United Nations personnel working within the framework of the memorandum of understanding. For example, during the year 2000 the Government of Iraq granted a total of 991 entry visas, broken down as follows:

United Nations Development Programme/electricity project in the three northern governorates	433
Office of the Coordinator	188
Mine-clearance programme in the three northern governorates	41
United Nations Children's Fund	86
World Health Organization	45
World Food Programme	50
Food and Agriculture Organization of the United Nations	148
Total	**991**

Despite our sense at the time that requests for entry visas were excessive, that they were more numerous than could be justified by the volume of work done and that they went beyond the real needs, especially in Iraq's northern governorates, we nevertheless did not wish to delay the granting of any visa and confined ourselves to pointing out to the Office of the Coordinator and the Office of the Iraq Programme that such extravagance in the recruitment of international experts and technicians, and indeed even of carpenters and switchboard operators, was improper and was consuming resources under the memorandum of understanding without any justification, particularly when there were in Iraq experienced experts and technicians who could be employed by the Programme instead of foreign experts and technicians.

The record of achievement under the Programme, and especially in Iraq's three northern governorates, has shown that the assignment of hosts of international experts, technicians and craftsmen has not been reflected in any appreciable improvement in the Programme's performance.

Over the past three months, we have noted a pattern in which the number of foreign experts being sent to Iraq has increased. We have documented many cases where international personnel have been assigned not for the purpose of improving the operation of the Programme but to reward them or to resolve their financial difficulties and where they are relatives or friends of persons in charge of implementing the Programme.

We have also noted, in particular, that applications for entry visas in connection with the electricity programme and the mine-clearance programme in the three northern governorates have increased in a manner that defies all logic, and the Office of the Coordinator has applied for 140 visas for international experts to work in the electricity programme and 103 foreign experts to work in the mine-clearance programme.

I should like to call your attention to some details of the electricity programme in northern Iraq as an example of the misuse of Iraq's funds. We have on more than one occasion alerted the Office of the Coordinator to the fact that the number of visa requests is excessive and unwarranted, especially when the achievements of the Programme in this sector have been modest given the sums disbursed, that is to say 619 million dollars up to the end of phase VIII. In paragraph 113 of your aforesaid report, you state as follows:

> "In my previous report I stated that the electricity supply situation in the three northern governorates remained critical. The situation has not improved and, in fact, has been exacerbated ... "

In response to our inquiries concerning the numbers involved, the Office of the Coordinator stated that the recruitment of 140 international experts from more than 20 countries for the electricity sector in the three northern governorates would not cost the Programme any appreciable amount, that the function of the great majority of the experts and technicians would be to operate and maintain the three diesel generators that had been installed in Irbil, Dohuk and Sulaymaniyah, each with a 29-megawatt capacity, and that their costs had been included in the contract signed with a Danish company for the supply of the generators. We inquired of the Office of the Coordinator concerning the value of this contract and asked to be provided with a copy. The Office of the Coordinator replied that the value of the contract was in excess of 70 million dollars and that it would ask the Office of the Iraq Programme about the possibility of providing us with a copy of the contract.

On 13 March 2001 the Office of the Coordinator, by its note UNOHCIL/Prog/40, informed us that, following consultations with United Nations Headquarters and the Office of Legal Affairs, it would not be possible to provide us with a copy of the contract.

The above narrative confirms that the Office of the Iraq Programme is refusing to furnish Iraq with the contracts it has signed with foreign companies for the implementation of the Programme in the three northern governorates, despite the fact that paragraph 33 of the memorandum of understanding requires the United Nations Inter-Agency Humanitarian Programme to operate in the three northern governorates "on behalf of the Government of Iraq ... with due regard to the sovereignty and territorial integrity of Iraq", and despite the fact that paragraph 6 of annex I to the memorandum of understanding states that "the Programme will keep the Government of Iraq informed on the implementation of distribution" for which it

is responsible in the three northern governorates. The evidence presented also confirms that the Office of the Coordinator, despite Iraq's disapproval, for the reasons given in our letter dated 6 December 2000 addressed to you (S/2000/1166, annex), imported three diesel generators with a total capacity of 87 megawatts and at a cost of more than 70 million dollars. At current prices, the cost of this contract is excessively high, and we do not know how the customs experts in the Office of the Iraq Programme could have approved the contract or how they could have considered the cost reasonable. In this connection, we should like to inform you that the Iraqi Government imported an electricity generating plant under phase IV that cost 74 million dollars and had a capacity of 225 megawatts, that is to say three times the generating capacity of the generators imported by the United Nations for about the same price, and that under phase VI it imported an electricity generating plant with a capacity of 246 megawatts at a cost of 80 million dollars.

On the basis of the foregoing, we request you to take it under consideration:

1. To institute a review of the circumstances in which the contract with the Danish company that supplied the three generators was signed and an examination of that contract in terms of the adequacy of the generators and their cost. We refer in this connection to the fact that the assessment of the Iraqi technicians indicates that these generators cause serious environmental pollution; that they cannot be used for baseload purposes in the electricity system and lack the exchange capacity to transmit such loads; that they lack the capacity to transmit electric power over long distances; and that they have a high operating cost;

2. To instruct the Office of the Iraq Programme to provide the Iraqi Government with copies of all the contracts it has signed in the past and will sign in future for the implementation of the Programme in the three northern governorates on behalf of the Government of Iraq, including, on a priority basis, the contract for the supply of the three generators in question;

3. To give instructions for the Board of Auditors to conduct a comprehensive review of expenditures from the 13 per cent and 2.2 per cent accounts, and for Iraq to be provided with detailed periodic reports on the status of the 13 per cent, 2.2 per cent and 0.8 per cent accounts in accordance with the provisions of paragraph 14 of the memorandum of understanding.

We very much hope to receive a positive response from you to the legitimate requests Iraq is making in this context.

(*Signed*) Mohammed Said **Al-Sahaf**
Minister for Foreign Affairs of the Republic of Iraq